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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte JASON A. GORDON

Appeal 2008-1489
Application 10/064,264
Technology Center 3600

Decided: June 23, 2008

Before HUBERT C. LORIN, LINDA E. HORNER, and
MICHAEL W. O'NEILL, *Administrative Patent Judges*.

O'NEILL, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Jason A. Gordon (Appellant) seeks our review under 35 U.S.C. § 134 of the final rejection of claims 1-13 and 16-20. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM and ENTER A NEW GROUNDS OF REJECTION
UNDER 37 C.F.R. § 41.50(b).¹

THE INVENTION

The claimed invention is directed to postal systems and methods for changing rate schedules. (Spec. ¶¶ 0015-0017.)

Claims 1, 12, and 16, reproduced below, are representative of the subject matter on appeal.

1. A mailing machine comprising:
 - a processor;
 - a first memory portion operatively connected to the processor for storing a primary rate database;
 - a second memory portion operatively connected to the processor for concurrently storing temporary rate data;
 - a third memory portion operatively connected to the processor for storing rating instruction data; and

wherein the processor determines a rate applicability determination using the rating instruction data, the primary rate database and the temporary rate data.
12. A method for dynamically changing rating information for at least one customer comprising:
 - receiving customer usage data for a plurality of customers;
 - receiving customer data for a plurality of customers;
 - obtaining logistics data for a mailing logistics system;

¹ Our decision will make reference to Appellant's Appeal Brief ("App. Br.", filed Jan. 16, 2007), Reply Brief ("Reply Br.", filed July 6, 2007), and the Examiner's Answer ("Ans.", mailed May 7, 2007).

determining desired volume changes by class;
targeting at least one customer having a mailing machine for a discount in the class;
creating a temporary rate database; and
sending the temporary rate database to the mailing machine.

16. A method for determining targeted incentives using a carrier information system having feedback comprising:
obtaining customer usage and customer data;
determining whether offering an incentive is desired;
determining whether a customer is eligible for the incentive;
offering the customer the incentive;
obtaining incentive related usage data; and
analyzing the incentive related usage data to determine effectiveness,
determining whether to modify the incentive.

THE PRIOR ART

The Examiner relies upon the following as evidence of unpatentability:

Sansone	US 5,072,401	Dec. 10, 1991
Barns-Slavin	US 5,995,950	Nov. 30, 1999
Huxter	US 2002/0107820 A1	Aug. 8, 2002

THE REJECTIONS

The following rejections are before us for review:

Claim 19 is rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which Appellant regards as the invention.

Claims 1, 10, and 14-19 are rejected under 35 U.S.C. § 102(b) as being anticipated by Barns-Slavin.²

Claims 2-5, 8-9, and 11 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Barns-Slavin.

Claims 12, 13 and 20 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Barns-Slavin and Sansone.

Claims 6 and 7 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Barns-Slavin and Huxter.

ISSUES

The first issue is whether the Appellant has shown that the Examiner erred in rejecting claim 19 as being indefinite. This issue turns on whether the phrase “the incentive is a penalty” particularly points out and distinctly claims the subject matter that Appellant regards as the invention.

The second issue is whether the Appellant has shown that the Examiner erred in rejecting claims 1, 10, and 16-19 being anticipated. This issue turns on whether Barns-Slavin describes a second memory operatively connected to a processor for concurrently storing temporary rate data.

The third issue is whether the Appellant has shown that the Examiner erred in rejecting claims 2-5, 8-9, and 11 as being obvious. This issue turns on whether the Appellant has shown that the Examiner erred in rejecting claims 1 and 10 as being anticipated.

² We note claims 14 and 15 were canceled in the Amendment of Jun. 9, 2006. As such, claims 14 and 15 are not before us for review.

The fourth issue is whether the Appellant has shown that the Examiner erred in rejecting claims 12, 13, and 20 as being obvious. This issue turns on whether the combination of Barns-Slavin and Sansone describe receiving customer usage data for a plurality of customers and creating a temporary rate database.

The fifth issue is whether the Appellant has shown that the Examiner erred in rejecting claims 6 and 7 as being obvious. This issue turns on whether the Appellant has shown that the Examiner erred in rejecting claim 1 as being anticipated.

FINDINGS OF FACT

We find that the following enumerated findings of fact are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

1. Barns-Slavin describes, in carrier management systems for shipping (mailing) parcels, discounts for particular classes of service may be allowed only after a certain cumulative dollar amount, number of pieces, or weight has been shipped. (Barns-Slavin, col. 2, ll. 7-10.)
2. Barns-Slavin describes a memory 22 includes both single piece rates and group discount rates and this memory is replaceable or writeable thereto. (Barns-Slavin, col. 3. ll. 38-49.) Particularly, Barns-Slavin describes this memory containing data directed to single piece rates, group discount rates, and the predetermined requirements for a group

to receive a group discount, and such data may be updated from time to time in a conventional manner. (*Id.*)

3. Barns-Slavin describes this memory is updated from time to time by downloading data to the memory in a conventional manner. (See Barns-Slavin, col. 3, ll. 45-49.)
4. Barns-Slavin describes the operator has to initiate the group discount rate and if the operator wishes not to use the group discount rate after it has been initiated, the operator must abort. (Barns-Slavin, col. 4, ll. 19-25.)

PRINCIPLES OF LAW

The test for compliance with § 112, second paragraph, is whether the claims set out and circumscribe a particular area with a reasonable degree of precision and particularity when read in light of the application disclosure as they would be interpreted by one of ordinary skill in the art. *In re Moore*, 439 F.2d 1232, 1235 (CCPA 1971).

Anticipation is a question of fact. *In re Schreiber*, 128 F.3d 1473, 1477 (Fed. Cir. 1997). “A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros., Inc. v. Union Oil Co. of Cal.*, 814 F.2d 628, 631 (Fed. Cir. 1987). However, “[t]he law of anticipation does not require that the reference ‘teach’ what the subject patent teaches. Assuming that a reference is properly ‘prior art,’ it is only necessary that the claims under attack, as construed by the court, ‘read on’ something disclosed in the reference, i.e., all limitations of the claim are

found in the reference, or ‘fully met’ by it.” *Kalman v. Kimberly-Clark Corp.*, 713 F.2d 760, 772 (Fed. Cir. 1983). Anticipation is determined by first construing the claims and then comparing the properly construed claims to the prior art. *In re Cruciferous Sprout Litigation*, 301 F.3d 1343, 1346 (Fed. Cir. 2002).

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S.Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [Graham] factors continue to define the inquiry that controls.”) The Court in *Graham* further noted that evidence of secondary considerations, such as commercial success, long felt but unsolved needs, failure of others, etc., “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” 383 U.S. at 18.

In particular, the Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 127 S.Ct. at 1739 (citing *Graham*, 383 U.S. at 12 (emphasis added)), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is

likely to be obvious when it does no more than yield predictable results.” *Id.* The Court explained:

When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, §103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill.

Id. at 1740. The operative question in this “functional approach” is thus “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.*

With this as background, we analyze the specific rejections made by the Examiner of the claims on appeal.

ANALYSIS

The Appellant argues claim 19 that has been rejected under 35 U.S.C. § 112, second paragraph, separately. The Appellant argues claims 1 and 10 as a group. As such, we select claim 1 as the representative claim of this group. Accordingly, claim 10 stands or falls with claim 1. The Appellant argues claims 16 and 19 as a group. As such, we select claim 16 as the representative claim of this group. Accordingly, claim 19 (with respect to the prior art rejection) stands or falls with 16. The Appellant argues claim 17 separately. The Appellant argues claim 18 separately. The Appellant

argues claims 2-5, 8, 9, and 11 as a group. As such, we select claim 8 as the representative claim of this group. Accordingly, claims 2-5, 9, and 11 stand or fall with claim 8. The Appellant argues claims 12, 13, and 20 as a group. As such, we select claim 12 as the representative claim of this group. Accordingly, claims 13 and 20 stand or fall with claim 12. The Appellant argues claims 6 and 7 as a group. As such, we select claim 6 as the representative claim. Accordingly, claim 7 stands or falls with claim 6.

35 U.S.C. § 112, second paragraph, rejection

The Examiner has found that claim 19 is vague and indefinite because of the recitation “the incentive is a penalty.” (Ans. 3.) The Examiner has stated this phrase is unclear as to what the Appellant means by incentive. *Id.* The Appellant contends that the phrase would be clear to one skilled in the art when viewing the Specification and the Appellant cites to portions of the Specification to be viewed by one skilled in the art when interpreting the phrase in light of the Specification. (App. Br. 10.)

We agree with the Appellant. The phrase “the incentive is a penalty” sets out and circumscribes a particular area with a reasonable degree of precision and particularity when read in light of the application’s disclosure as it would be interpreted by one of ordinary skill in the art. In this case, the phrase denotes dissuading customers from using the mail channels when the phrase is read in light of the Specification. (Spec. ¶ 0042, 0121, and 0125.) The Examiner urges if special meanings of claim terms are to be given, then those meanings “must be clearly written” in the Specification. (Ans. 13.) However, what is required is that the Appellant provide sufficient clarity to a

person of ordinary skill in the art with clear and precise notice in the Specification. In this case, we find the Appellant has done so.

Accordingly, we will not sustain the Examiner's rejection of claim 19 under 35 U.S.C. § 112, second paragraph.

35 U.S.C. § 102 rejections

Claims 1 and 10 (claim 1 is representative)

The Appellant contends the Examiner erred for failing to appreciate the Appellant's invention teaches a mailing machine that has the flexibility to store concurrently primary and temporary rates and that separate and distinct portions of memory are used to store rate data or update at different times. (App. Br. 11-12 and Reply Br. 3.) The Examiner found Barns-Slavin describes a second memory portion for storing temporary rate data. (Ans. 4.) The Examiner's responds to the Appellant's contentions with claim 1 fails to recite "separate" memory portions, two rates are described in Barns-Slavin (single piece rate and group discount rate), and because Barns-Slavin describes multiple types of memory (disks, PROM) and databases may have numerous memory portions, the limitation of storing a temporary data rate is met. (Ans. 14.)

Claim 1 recites "a second memory portion operatively connected to the processor for concurrently storing temporary rate data." Claim 1 does not require the second memory portion be separate and distinct from the first memory portion. Likewise, the claim does not require updating data at different times. Claim 1 does require a portion of memory to store temporary rate data concurrently with a primary rate database.

Barns-Slavin describes a memory that includes both single piece rates and group discount rates and this memory is replaceable or writeable thereto. (Fact 2.) Barns-Slavin describes the operator has to initiate the group discount rate and if the operator wishes not to use the group discount rate after it has been initiated, the operator must abort. (Fact 4.) As such, the group discount rate is the temporary rate as compared to the single piece rate because the operator must toggle in or out of the temporary rate. Because the single piece rates and the group piece rates are stored in same memory and the operator has to toggle between the two, the rates are stored concurrently. Accordingly, we find Barns-Slavin's description of memory including single piece rates and group discounts rates satisfies the limitation of a memory storing a temporary rate concurrently with a primary rate.

The Appellant has not shown that the Examiner erred in rejecting claim 1. Accordingly, we will sustain the Examiner's rejection of claims 1 and 10 under 35 U.S.C. § 102(b).

Claims 16 and 19 (claim 16 is representative)

The Appellant contends that the Examiner erred by failing to appreciate the Appellant's invention teaches a method for "(i) analyzing the incentive related usage data to determine the effectivity of the incentive; and (ii) determining whether to modify the incentive based on the effectivity." (App. Br. 13 and Reply Br. 2.) The Examiner urges Barns-Slavin describes determining whether a group meets requirements for a discount and obtains data on the amount of parcels being shipped. (Ans. 15.)

Claim 16 recites "analyzing the incentive related usage data to determine effectivity, determining whether to modify the incentive." The

Appellant has contended the claim recites “(i) analyzing the incentive related usage data to determine the effectivity of the incentive; and (ii) determining whether to modify the incentive based on the effectivity.” (App. Br. 13.) However, determining the effectivity of the incentive is not claimed, yet it is argued by the Appellant. Also, determining whether to modify the incentive *based on the “effectivity”* is not claimed. Accordingly, because the Appellant’s argument is not commensurate with what is claimed, the argument as it relates to analyzing the incentive to determine effectivity of the incentive and further as it relates to determining whether to modify the incentive based on the effectivity is not persuasive as to error in the rejection. *In re Self*, 671 F.2d 1344, 1348 (CCPA 1982).

Thus, the Appellant has not shown that the Examiner erred in rejecting claim 1. Accordingly, we will sustain the Examiner’s rejection of claims 16 and 19 under 35 U.S.C. § 102(b).

Claim 17

The Appellant relies on the arguments raised against the rejection of claim 16. (App. Br. 14.) Given that we find those arguments unpersuasive as to error in the rejection of claim 16, we reach the same conclusion with regard to the arguments as they apply to the rejection of this claim; that is, we find them unpersuasive as to error in the rejection. Accordingly, we will sustain the Examiner’s rejection of claim 17 under 35 U.S.C. § 102(b).

Claim 18

The Appellant contends that there is no description in Barns-Slavin of a “time based discount” as recited in claim 18. (App. Br. 15.) The Appellant contends what is described are volume based discounts. (*Id.*) The

Examiner urges that these volume based discounts are only applied after the certain cumulative total dollar amounts, number of pieces, or weight have been shipped using a particular class of service. (Ans. 15.)

Claim 18 requires that “the incentive is a time based discount for at least one particular class of mail.” As such, the discount is conditioned upon the occurrence of an event, a particular point in time. Barns-Slavin describes discounts for particular classes of service maybe allowed only after a certain cumulative dollar amount, number of pieces, or weight has been shipped. (Fact 1.) As such, before a discount is applied, one of the described events in Barns-Slavin has to occur. In order for one of the described events to occur, a period of time must pass by virtue of processing the pieces (parcels) in order to reach said events, i.e., it will take a period of time to reach a certain cumulative dollar amount, to process a number of pieces, or to reach a certain weight. When the time period has elapsed, a particular point in time is reached, and at that event, i.e., at that point in time, the described Barns-Slavin discount applies to at least one particular class of service. As such, from a practical standpoint, Barns-Slavin’s discount is based on time. Accordingly, we find Barns-Slavin’s description of discounting by volume for a class of service satisfies the limitation of a time based discount for one class of mail.

The Appellant has not shown that the Examiner erred in rejecting claim 18. Accordingly, we will sustain the Examiner’s rejection of claim 18 under 35 U.S.C. § 102(b).

35 U.S.C. § 103(a) rejections

Claims 2-5, 8, 9, and 11 (claim 8 is representative)

The Appellant contends that the Examiner has no factual basis to support the obviousness rejection, has not explained why one skilled in the art would have modified the applied references, and has provided no motivation from the prior art itself to make the combination. (App. Br. 16.) The Examiner finds Barns-Slavin describes its temporary rate data is cleared periodically. (Ans. 7.)

Claim 8 requires the temporary rate data be cleared periodically. Barns-Slavin describes the memory is updated from time to time by downloading data to the memory in a conventional manner. (Fact 3.) By virtue of updating memory with new data, the previous data has to be removed in order for the new data to fill the memory addresses. As such, the old data is cleared from the memory addresses in order for the new data to be inserted and used by the carrier management system (mailing machine) described in Barns-Slavin. Because Barns-Slavin describes the memory is updated from time to time, the data in the memory is being updated periodically and, it follows, the memory is being cleared periodically. As such, the data in the memory is cleared periodically. As discussed *supra*, the discount data described in Barns-Slavin is found to be temporary rate data, thus temporary rate data is cleared periodically. Accordingly, we find Barns-Slavin's description of data being updated from time to time by virtue of downloading the data in a conventional manner satisfies the limitation of the temporary rate data being cleared periodically.

The Appellant has not shown that the Examiner erred in rejecting claims 2-5, 8, 9, and 11. Accordingly, we will sustain the Examiner's rejection of claims 2-5, 8, 9, and 11 under 35 U.S.C. § 103(a).

Claims 12, 13, and 20 (claim 12 is representative)

The Appellant contends, even if Barns-Slavin and Sansone were properly combined, the combination fails to describe the step of "receiving customer data for a plurality of customers" and "creating a temporary database." (App. Br. 17 and 18.) The Examiner has found that Barns-Slavin describes receiving a customer's usage data and it would have been obvious to modify Barns-Slavin to receive usage data from a plurality of customers. (Ans. 8.) In addition, the Examiner found Barns-Slavin describes creating a temporary rate database. (*Id.*)

Claim 12 recites "receiving customer usage data for a plurality of customers" and "creating a temporary rate database."

Barns-Slavin describes discounts may be allowed only when certain cumulative total dollar amounts, number of pieces, or weight have been shipped using a particular service class. (Fact 1.) In addition, Barns-Slavin describes a memory containing single piece rates, group discount rates, and the predetermined requirements for a group to receive a group discount, and such data may be updated from time to time in a conventional manner. (Fact 2.)

By virtue of Barns-Slavin describing a memory having data directed to: single piece rates, group discount rates, and requirements for a group to receive a discount; an existence of a database would so be recognized by persons of ordinary skill in the art. As discussed *supra*, the discount data

described in Barns-Slavin is found to be temporary rate data and the data described therein is being updated from time to time, the database recognized by persons of ordinary skill in the art would have temporary data and, as such, be understood as a temporary database. It would necessarily flow from the existence of a temporary rate database having been described in Barns-Slavin that this database was created at some point in time. Accordingly, we find Barns-Slavin's description of the data stored in the memory, and what would necessarily flow from those descriptions as would be recognized by persons of ordinary skill, satisfies the limitation of creating a temporary rate database.

Barns-Slavin describes memory containing predetermined requirements for a group to receive a group discount. (Fact 2.) A group is a plurality of things. In this case, the "things" would be people or companies using Barns-Slavin's system. People or companies that use the Barns-Slavin system are customers of the system. As such, Barns-Slavin describes a memory storing the predetermined requirements needed for a plurality of customers to receive a discount. In order to know which customers have met the requirements to receive the discount, data with respect to the customer's usage has to be collected. Before usage data can be collected, the data needs to be received. As such, it would necessarily flow from the existence of having a memory containing predetermined requirements that need to be met in order for a customer to receive a discount that data regarding a customer's usage of the system has to be received prior to receiving the discount. Accordingly, we find Barns-Slavin's description of its memory containing predetermined requirements for a group to receive a group discount, and what would necessarily flow from that description as

would be recognized by persons of ordinary in the art, satisfy the limitation of receiving data from customers regarding the usage.

The Appellant has not shown that the Examiner erred in rejecting claims 12 and 13. Accordingly, we will sustain the Examiner's rejection of claims 12 and 13 under 35 U.S.C. § 103(a).

With respect to claim 20, the Appellant relies on the arguments raised against the rejection of claim 16. (App. Br. 18.) Given that we find those arguments unpersuasive as to error in the rejection of claim 16, we reach the same conclusion with regard to the arguments as they apply to the rejection of this claim; that is, we find them unpersuasive as to error in the rejection. Accordingly, we will sustain the Examiner's rejection of claim 20 under 35 U.S.C. § 103(a).

Claims 6 and 7 (claim 6 is representative)

The Appellant relies on the arguments raised against the rejection of claim 1. (App. Br. 18-19.) Given that we find those arguments unpersuasive as to error in the rejection of claim 1, we reach the same conclusion with regard to the arguments as they apply to the rejection of this claim; that is, we find them unpersuasive as to error in the rejection. Accordingly, we will sustain the Examiner's rejection of claims 6 and 7 under 35 U.S.C. § 103(a).

CONCLUSIONS OF LAW

The Appellant has proven that the Examiner erred in rejecting claim 19 as being indefinite.

The Appellant has not proven that the Examiner erred in rejecting claims 1, 10, and 16-19 as being anticipated.

The Appellant has not proven that the Examiner erred in rejecting claims 2-9, 11-13, and 20 as being obvious.

NEW GROUND OF REJECTION

Pursuant to 37 C.F.R § 41.50(b) we enter a new ground of rejection.

Claim 16-20 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

The Claimed Invention

The claimed invention is directed to a methodology for determining how to target incentives. In other words, the claimed invention is directed to a method of making a decision to provide and modify incentives.

Independent claim 16 has seven steps: (1) obtaining customer usage and customer data; (2) determining whether offering an incentive is desired; (3) determining whether a customer is eligible for the incentive; (4) offering the customer the incentive; (5) obtaining incentive related usage data; (6) analyzing the incentive related usage data to determine effectiveness, and (7) determining whether to modify the incentive.

Claim Analysis

The Specification does not appear to define any of the claim terms. As such, they are to be given their ordinary and customary meaning. In that regard, claim 16 is a collection of obtaining, determining, offering, and analyzing steps involving the use of data for reaching a particular decision.

To one of ordinary skill in the art, steps (2), (3), (6), and (7), (the “determining” and “analyzing” steps) can be characterized as mental steps or thoughts for determining whether to provide a targeted incentive and whether to modify the incentive. To one of ordinary skill in the art, steps (1), (4) and (5) (the “obtaining” and “offering” steps) can be characterized as verbal communication to gather information in order to determine whether to give an incentive and offer the incentive once the incentive has been determined.

Principles of Law

We adhere to the rule expressed in *Diamond v. Diehr*, 450 U.S. 175 (1981), that, at least absent the development of some hitherto unknown type of technology, “[t]ransformation and reduction of an article ‘to a different state or thing’ is the clue to the patentability of a process claim that does not include particular machines.” 450 U.S. at 184 (quoting *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972)), cited with approval in *In re Comiskey*, 499 F.3d 1365, 1377 (Fed. Cir. 2007).

Analysis

Method claims 16-20 fail to recite transformation of subject matter into a different state or thing. Claim 16 recites a series of steps needed to make a decision as to whether to offer an incentive and modify that incentive. There is no transformation of subject matter occurring in these series of steps. Rather, the invention being claimed in claim 16 is at best a type of human to human interaction, i.e., a business transaction or, more accurately, a business decision to decide whether to offer an incentive.

We are cognizant that claim 16 includes the generic term “information carrier system.” The information carrier system is not disclosed as a particular machine or device in the Specification. As such, the claim is not limited to a method of using a machine or device, i.e., a method of using the information carrier system. In addition, the “information carrier system” does not effect a transformation of any subject matter of the claim and thus add nothing to the non-statutory status of the claimed method as a whole. Even if we were to assume arguendo that the “information carrier system” is a machine, as has been stated informatively, “[n]ominal recitations of structure in an otherwise ineligible method fail to make the method a statutory process.” *Ex parte Langemyr*, Appeal No. 2008-1495, slip op. at 20 (BPAI May 28, 2008). As the panel in *Langemyr* stated, “[t]o permit such a practice would exalt form over substance and permit claim drafters to file the sort of process claims not contemplated by the case law.” *Id.*

Conclusion

Because the subject matter of claim 16 does not transform or otherwise reduce subject matter into a different state or thing, it is not directed to a statutory “process.”

Dependent method claims 17-20 likewise fail this test for the same reasons.

Holding

Accordingly, we hold that claims 16-20 are directed to non-statutory subject matter, and thus we enter a new ground of rejection of these claims as unpatentable under 35 U.S.C. § 101.

DECISION

The Examiner's decision to reject claim 19 under 35 U.S.C. § 112, second paragraph, is reversed.

The Examiner's decision to reject claims 1, 10, and 16-19 under 35 U.S.C. § 102(b) is affirmed.

The Examiner's decision to reject claims 2-9, 11-13, and 20 under 35 U.S.C. § 103(a) is affirmed.

Regarding the affirmed rejection(s), 37 C.F.R. § 41.52(a)(1) provides "Appellant may file a single request for rehearing within two months from the date of the original decision of the Board."

In addition to affirming the Examiner's rejection(s) of one or more claims, this decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b) (2007). 37 C.F.R. § 41.50(b) provides "[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review."

37 C.F.R. § 41.50(b) also provides that the appellant, *WITHIN TWO MONTHS FROM THE DATE OF THE DECISION*, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

- (1) *Reopen prosecution.* Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner. . . .

(2) *Request rehearing.* Request that the proceeding be reheard under § 41.52 by the Board upon the same record. . . .

Should Appellant elect to prosecute further before the Examiner pursuant to 37 C.F.R. § 41.50(b)(1), in order to preserve the right to seek review under 35 U.S.C. §§ 141 or 145 with respect to the affirmed rejection, the effective date of the affirmance is deferred until conclusion of the prosecution before the Examiner unless, as a mere incident to the limited prosecution, the affirmed rejection is overcome.

If Appellant elects prosecution before the Examiner and this does not result in allowance of the application, abandonment or a second appeal, this case should be returned to the Board of Patent Appeals and Interferences for final action on the affirmed rejection, including any timely request for rehearing thereof.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED; 41.50(b)

LV:

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